

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-01

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 EB-08 AID-05 TRSE-00 OMB-01 DHA-02

/084 W

-----062088 170629Z /10

P R 170539Z AUG 77

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 242

INFO AMEMBASSY BANGKOK

AMEMBASSY MOSCOW

AMEMBASSY VIENTIANE

AMEMBASSY PARIS

AMEMBASSY SINGAPORE

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMCONSUL HONG KONG

USLO PEKING

CINCPAC HONOLULU

C O N F I D E N T I A L TOKYO 12486

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: JA EAID VM

SUBJECT: FONOFF COMMENTS ON JAPAN-VIETNAM RELATIONS

SUMMARY: PRESS REPORTS FROM PM FUKUDA'S PARTY ON SE ASIAN TOUR HAVE SUGGESTED THAT IN EFFORT TO IMPROVE RELATIONS WITH HANOI, GOJ MIGHT EXTEND NON-REIMBURSABLE GRANT TO SRV TO COVER THOSE DEBTS OWED JAPAN BY FORMER SAIGON REGIME. FONOFF HAS CONFIRMED THAT IT WAS SEEKING SUCH DE FACTO CANCELLATION OF VIETNAMESE DEBTS AS "COROLLARY" TO PRESENT EMPHASIS ON STRENGTHENED TIES WITH ASEAN, BUT THAT FINANCE MINISTRY HAD NOT YET AGREED TO DETAILS OF AID PACKAGE FOR SRV. END SUMMARY

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1. RECENT PRESS ARTICLES DATED FROM PM FUKUDA'S PARTY ON SE ASIAN TOUR HAVE REPORTED THAT, HAVING STRENGTHENED JAPANESE TIES WITH ASEAN COUNTRIES, GOJ NOW INTENDED "TO PUCH ACTIVELY FOR FRIENDLIER RELATIONS WITH VIETNAM." ARTICLES, ALTERNATIVELY SOURCED TO FONMIN HATOYAMA AND CHIEF CABINET SECRETARY SONODA,

SUGGESTED THAT GOJ WOULD ATTEMPT TO RESOLVE DEADLOCKED DEBT NEGOTIATIONS WITH HANOI THROUGH EXTENSION OF NON-REIMBURSABLE GRANT TO SRV TO BE USED TO COVER DEBTS OWED JAPAN BY FORMER SAIGON REGIME.

2. IN CONVERSATION WITH EMBOFF AUGUST 12, FONOFF 1ST SE ASIA DEPDIR HOGEN EXPRESSED SOME CHAGRIN OVER THESE ARTICLES. HE NOTED THAT ALTHOUGH PRESS REPORTS HAD BEEN "GENERALLY ACCURATE" IN DESCRIBING FONOFF INTENTIONS, THEY WERE ALSO "PREMATURE" SINCE DETAILS OF PROPOSED AID PACKAGE FOR SRV HAD NOT YET BEEN FINALIZED IN INTRA-GOVERNMENTAL NEGOTIATIONS WITH FINANCE MINISTRY.

3. HOGEN EXPLAINED THAT FONOFF WAS SEEKING FROM FINANCE MINISTRY APPROXIMATELY 18 BILLION YEN (\$67,925,000 AT 265.1) IN GRANT AID FOR SRV. THIS FIGURE WOULD COVER PAST GVN DEBTS TO JAPAN OF APPROXIMATELY 15.5 BILLION YEN AND INTEREST OF ALMOST .7 BILLION YEN WITH REMAINDER AS "POLITICAL SWEETENER" TO MEET HANOI'S INSISTENCE THAT IT RECEIVE MORE IN GRANTS THAN IT WOULD REPAY IN DEBTS ASSUMED FROM FORMER SAIGON REGIME. FONOFF ADDITIONALLY SOUGHT ANNUAL EXTENSION OF 10 BILLION YEN (\$37,736,000) IN CREDIT TO SRV. FONOFF PLANNED TO PRESENT THIS PACKAGE TO VIETNAMESE IN SEPTEMBER IN HANOI IF INTERNAL GOJ AGREE-
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MENT COULD BE REACHED BY THEN.

4. HOGEN STATED THAT POSSIBLY IMMINENT JAPANESE DECISION TO BE MORE FORTHCOMING IN DEBT NEGOTIATIONS WITH VIETNAMESE WOULD BE "NATURAL COROLLARY" OF PM FUKUDA'S EFFORTS TO IMPROVE POLITICAL AND ECONOMIC TIES WITH ASEAN STATES DURING PRESENT SE ASIAN TOUR. ALTHOUGH GOJ CONTINUED TO ATTACH GREATER IMPORTANCE TO ASEAN RELATIONSHIP, THERE WAS ALSO GENERAL BELIEF THAT JAPAN'S "ASEAN DIPLOMACY" SHOULD BE PARALLELED, IF AT RELATIVELY LOWER LEVEL, BY IMPROVEMENT OF RELATIONS WITH HANOI SO AS NOT TO ALIENATE VIETNAMESE OR FORECLOSE FUTURE JAPANESE COMMERCIAL INTERESTS IN SRV. THIS APPROACH HAD BEEN SUPPORTED BY ASSESSMENT OF JAPAN'S AMBASSADOR TO SRV HASEGAWA THAT, GIVEN CURRENT ECONOMIC HARDSHIPS IN SRV, PRESENT TIME WAS PARTICULARLY APPROPRIATE TO EXTEND ECONOMIC ASSISTANCE TO HANOI.

5. HOGEN NOTED THAT RECENT PRESS REPORTS OF PLANNED VISIT TO HANOI BY FORMER FONMIN KIMURA HAD ALSO BEEN PREMATURE. ALTHOUGH KIMURA, HEAD OF AFRO-ASIAN

STUDY GROUP WITHIN LDP, HAD EXPRESSED PERSONAL INTEREST IN SUCH TRIP, HE HAD NOT YET RECEIVED OFFICIAL VIETNAMESE APPROVAL. HOGEN EXPECTED THAT IF KIMURA DID TRAVEL TO HANOI THIS EARLY FALL, HE WOULD CARRY RATHER ANODYNE MESSAGE FROM PM FUKUDA EXPRESSING GOJ'S INTEREST IN IMPROVED JAPAN-SRV RELATIONS.

6. COMMENT: DESPITE HIGH-LEVEL POLITICAL ATTENTION TO THIS ISSUE DEMONSTRATED BY PRESS STATEMENTS OF HATOYAMA AND SONODA, IT REMAINS TO BE SEEN JUST HOW GENEROUS AN AID PACKAGE FOR SRV FONOFF WILL URJOEDNITO WRESTLE OUT OF FINANCE MINISTRY. OTHER FONOFF SOURCES HAVE NOTED THAT WHATEVER THE RESULT, ANNOUNCEMENT TO PRESS AT THIS TIME OF POSSIBLE JAPANESE GENEROSITY IN DE FACTO CONFIDENTIAL

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DEBT CANCELLATION WOULD NOT ENHANCE JAPANESE BARGAINING LEVERAGE WITH HANOI WHEN ACTUAL NEGOTIATIONS RESUMED THIS FALL.
MANSFIELD

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Disposition Approved on Date:
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
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Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1572087
Secure: OPEN
Status: NATIVE
Subject: FONOFF COMMENTS ON JAPAN-VIETNAM RELATIONS SUMMARY: PRESS REPORTS FROM PM FUKUDA'S PARTY ON SE ASIAN TOUR HAVE SUGGESTED THAT IN EFFORT TO IMPROVE RELATIONS
TAGS: EAID, SOPN, JA, VM
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/1db41759-c288-dd11-92da-001cc4696bcc
Review Markings:
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